

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6783

BILL NUMBER: SB 319

NOTE PREPARED: Dec 26, 2008

BILL AMENDED:

SUBJECT: Income Tax Deduction for Property Taxes.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that an individual may claim a deduction for state income tax purposes for property taxes that: (1) were imposed on the individual's principal place of residence for the March 1, 2007, assessment date or the January 15, 2008, assessment date; (2) are due after December 31, 2008; and (3) are paid in 2009 on or before the due date for the property taxes.

Effective Date: January 1, 2009 (retroactive).

Explanation of State Expenditures: The Department of State Revenue (DOR) will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the temporary change to the homeowner's income tax deduction for property taxes. The DOR's current level of resources should be sufficient to implement the new deduction.

Explanation of State Revenues: The bill increases for certain taxpayers the maximum allowable homeowner's income tax deduction for property taxes paid in tax year 2009 only. The increase in the maximum allowable deduction would apply only to homeowners who make on-time payment of any or all of their 2007 Pay 2008 property taxes in 2009. This provision will not result in additional revenue loss to the state, but will shift revenue loss that would otherwise occur in FY 2009 (attributable to tax year 2008 AGI tax payments) to FY 2010 (attributable to tax year 2009 AGI tax payments). The precise revenue loss that could potentially be shifted from FY 2009 to FY 2010 is indeterminable and depends on the number of homeowners receiving late property tax bills and the magnitude of these late billings.

Explanation of Local Expenditures:

Explanation of Local Revenues: Counties with local option income taxes may experience a revenue shift from one fiscal year to another in the event property tax bills are delayed.

State Agencies Affected: DOR.

Local Agencies Affected: Counties with local option income taxes.

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869.